

Activities Related to Casino Gaming Oversight

Fiscal Year 2012

January 1, 2013

Amount of Money Received and Expended

For fiscal year 2012, a budget of \$5,262,100 was allocated for the Michigan State Police (MSP) Gaming Section. At the end of the fiscal year, \$3,635,299.04 was spent to cover MSP operational expenses and payroll.

Nature and Structure of MSP Gaming Section

The Michigan State Police Gaming Section's primary focus is on criminal enforcement related activities for all three Detroit casinos. Gaming Section personnel also assist the Michigan Gaming Control Board (MGCB) with regulatory matters and large-scale projects as requested. Since many criminal investigations entail regulatory matters, section personnel routinely coordinate their efforts with the MGCB. The MSP Gaming Section continues to assist MGCB, as necessary, in the form of LEIN (Law Enforcement Information Network) warrant and criminal history checks for licensing purposes. The Michigan Public Safety Communication System continues to be the primary mode of communication between the casinos, MGCB, and MSP personnel.

Summary of Casino Enforcement Activities

Gaming Section personnel operate from the centrally located Cadillac Place Building at 3062 W. Grand Boulevard, Suite I-750 in Detroit, Michigan and rotate their patrols between the three casinos.

During fiscal year 2012, the Gaming Section affected 250 arrests for 292 arrest counts. These included: felony arrests for cheating at gaming, fraudulent activities, larceny, and counterfeiting. Misdemeanor arrests included: charges of underage gambling, minor in possession of alcohol, and trespass by disassociated persons. Of the arrest counts, 27 were fugitive warrants.

Counterfeit money continues to surface at Detroit casinos. MSP Gaming Section responded to 247 complaints of patrons in possession of counterfeit money seizing \$10,695 in counterfeit currency. Additionally, the three casinos identified another \$11,748 in counterfeit currency within their cash cages. The total amount of counterfeit currency turned over to the U. S. Secret Service from the casinos during FY12 was \$22,443. Investigators continue to track occurrences via an in-house database to identify patterns and people. Most individuals are found to be in possession of a single counterfeit bill and maintain they received the money from stores, banks, and other casinos during legitimate business transactions.

The Gaming Section conducted 819 complaint investigations during FY12. The largest numbers of investigations were of counterfeit currency, gambling violations, and disassociated persons.

A program offered by the MGCB allows problem gamblers to "disassociate" themselves from the Detroit casinos and their affiliates. The Disassociated Persons List (DPL) consisted of 3015 individuals at the end of FY12. Disassociated persons are excluded from frequenting the casinos for life. Violating the exclusion is a misdemeanor offense and subjects the disassociated person to forfeiture of all gambling proceeds in their possession. During the fiscal year, MSP Gaming section conducted 158 investigations of disassociated persons. Gambling proceeds totaling \$44,606.39 were seized and turned over to the Michigan Department of Community Health, Compulsive Gambling Prevention Fund in FY12.

The Michigan Department of State Police and the Michigan Gaming Control Board, in conjunction with the City of Detroit Fire Department, are responsible for emergency management training at the casinos and are required to annually train licensed casino security and surveillance personnel in critical incident management. This training is designed to prepare casino surveillance and security personnel in the proper procedures to follow in the event of a fire, robbery attempt, bomb threat, WMD incident, medical emergency, or other major emergency. Each of the three casinos participated in tabletop exercises, fulfilling their training requirement.

Investigative Highlights

- Troopers arrested five people for cashing fraudulent tax returns at Motor City Casino. Each of the suspects had received credit card type cards, which were income tax receipts for other unknown individuals. The suspects attempted to cash them at the cage in the casino. Over \$10,000 in cash was seized. The investigation was turned over to the IRS.

- Troopers assisted the U. S. Secret Service with a fraudulent use of a transaction device (credit card) investigation. The suspects were using Detroit casinos to obtain cash advances with fraudulently obtained credit cards. Intelligence and evidence was obtained and turned over to Secret Service for prosecution.
- In May of 2012, a 2007 investigation involving distribution of video poker machines and illegal payouts from gaming on the machines concluded. Three suspects pled guilty. One suspect, who owned ten bars in the Flint area, was illegally paying out on video poker machines. He pled guilty to felony gambling charges, received probation, and a \$100,000 fine/restitution. The vendor of the machines pled guilty to two felony counts of illegal gambling and received five years of probation and \$280,000 fine/restitution judgment. This is the largest fine levied by the courts and the Michigan Attorney General's Office to date. A "runner" for the vendor pled guilty to one felony count of illegal gambling and received two years of probation and a \$10,000 fine/restitution.
- In November 2011, a subject was arrested at the MGM Grand Casino for Bet Capping when he added cheques (chips) to his bet after the outcome of the game was known. The same subject was arrested for Bet Capping in 2007. In two additional non-related cases, two subjects were arrested at the MGM Grand Casino for "Past Posting" when they placed a bet after the outcome of the game was known.
- Troopers investigated a MGM Grand Casino employee who worked at Club V. Management of the club suspected the employee might have been stealing cash for several weeks. During the investigation, it was discovered that the employee entered one of every two sales into the cash register, keeping the money from the second sale. When interviewed by troopers, the suspect admitted to stealing the cash. The suspect was charged with one felony and two misdemeanors.
- MSP Gaming conducted "TITO" (Ticket In, Ticket Out) Stings at all three casinos during the reporting period. Tickets that casino patrons print out from their gaming machines and use to cash in their winnings are sometimes stolen. MSP conducts random "stings" by using decoys in the casinos to arrest suspects who take advantage of patrons. Five felony arrests were made during the stings. An additional arrest was made when a subject was observed from the MSP surveillance office "credit claiming." He was observed walking through the casino, looking for credits on machines and cashing in the tickets. After being contacted by troopers, he was found to be a parole absconder. He was placed under arrest and turned over to the Michigan Department of Corrections.
- In July 2012, troopers arrested a dealer and patron for Collusion/Conspiracy-Gambling in roulette at Motor City Casino. The patron placed a bet for approximately \$4500 after the outcome of the roulette game was known. During the investigation, it was discovered that the dealer and patron were brother and sister.
- Troopers conducted investigations of Internet Sweepstakes Cafes. For the reporting period, investigations resulted in 17 Cease and Desist orders issued by the Attorney General and 24 businesses closing as a result.

Positions and Classifications of Employees Currently Assigned--(32 FTE's)

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| 1 | Inspector, State Administrative Manager | 16 |
| 1 | Detective First Lieutenant, State Police | Detective First Lieutenant 15 |
| 2 | Detective Lieutenant, State Police | Detective Lieutenant 14 |
| 5 | Detective Sergeant, State Police | Detective Sergeant 12 |
| 21 | Detective Specialist, State Police | Detective Specialist – Trooper 11 |
| 2 | Management Assistant, Secretary | 9 |

Number of Full Time and Part Time Employees and Aggregate Number of FTE's

The current staffing cap is for 32 full time employees. There are nine position vacancies.

During the reporting period, one detective lieutenant and one detective specialist transferred to another work site.

Duties and Responsibilities of Assigned Employees

Inspector - State Administrative Manager 16 (Assistant Commander) – This officer serves as assistant to the Second District Commander. The role of this position is to provide leadership, direction, administration, and supervision to personnel in the north region of Second District.

This position provides primary command responsibilities for the Gaming Section and shares responsibilities with the Attorney General and the MGCB for the licensing, regulation, and enforcement of legalized gaming in the State of Michigan.

This officer is also a liaison with federal, state, and local authorities to maintain cooperative team efforts and establish professional gaming standards, as well as to help enhance the quality of life in the Metro Detroit area. This officer supervises, administers, and provides leadership for State Police resources and personnel committed to the licensing, regulation, and enforcement of gaming and criminal enforcement initiatives.

D/F/Lt. 15 – State Police Detective First Lieutenant 15 (Section Commander) – This position is responsible to command the Gaming Section, which is charged to assist the MGCB in regulating and enforcing Michigan law at three Detroit-based casinos. This officer is also responsible to the assistant district commander for the coordination and provision of State Police services and resources necessary for the licensing, regulation, and enforcement of legalized gaming in the State of Michigan. These duties are performed at the direction of the sector commander when he/she is available, and may assume the position of command when the assistant district commander is not available. The officer may be contacted for duty any hour of the day. This officer is also responsible to supervise detective lieutenants, detective sergeants, detective specialists, and secretaries assigned to the section.

D/Lt. 14 - State Police Detective Lieutenant 14 (Casino Operations Team Leader) – This officer is responsible for the coordination and provision of State Police activities, services, and resources necessary for the regulation and enforcement of legalized gaming in the State of Michigan. This position also serves as a casino team leader at a licensed casino operation, assisting the MGCB to ensure effective regulatory and enforcement measures are in place. These duties are performed at the direction of the section commander when he/she is available, and may assume the position of command when the section commander is not available. This officer is also responsible for the administration and supervision of the special investigations of complex conspiratorial crimes within the three Detroit casinos and illegal gambling operations outside the casinos. This position also provides and coordinates investigative support services, information, intelligence data, and training expertise in areas including, but not limited to, illegal gambling, money laundering, embezzlement, dealer patron collusion, and identity theft. These duties are performed at the direction of the section commander and may assume the position of command when the section commander is not available. The employee may be contacted for duty at any hour of the day.

D/Sgt. 12 – State Police Detective Sergeant 12 (Casino Operations Supervisor) – This officer provides supervision to Casino Operations detective specialists assigned to the section. Upon MGCB requests to help ensure proper compliance with the Michigan Gaming Control Board and Revenue Act, the Administrative Rules, and Casino Internal Controls, this officer assigns regulatory inspections and other related projects and tasks to detective specialists. This individual also supervises investigations into criminal activity at the casinos and assists detective specialists in completing their assignments, duties, and investigations. This officer may be required to provide supervision on special investigations outside the casinos. This position assists the team leader in conducting, assigning, and monitoring investigations, reviewing reports, and controlling and accounting of sub-unit account funds. In the absence of the detective lieutenant 14, serves as acting Team Leader. This officer assists the section commander in developing schedules, maintaining the section property room, monitoring fleet vehicle usage and maintenance, maintaining forfeiture files and equipment, including radio inventory and maintenance, coordinating mandatory and voluntary training programs, and conducting, assigning and monitoring investigations, and performing other administrative tasks as directed. These duties are performed at the direction of the section commander, and the employee may be contacted for duty at any hour of the day.

D/Spl. 11 – State Police Detective Specialist Trooper 11 (Casino Operations Patrol/Investigator) – The primary role of this position is to patrol for criminal violators, respond to criminal activity, initiate investigations into casino-related crimes, and provide for public safety. This officer also conducts regulatory inspections and other related tasks, as directed by superiors, when requests are received from the MGCB. These duties are performed at the direction of Casino Operations supervisors, and the employee may be contacted for duty at any hour of the day. In some cases, this officer conducts investigations of complex conspiratorial and financial crimes including embezzlement, dealer/patron collusion, identity theft, and money laundering which

occur inside the casinos as well as illegal gambling operations outside the casinos. These duties are performed at the direction of the Casino Operations supervisor. The employee may be contacted for duty at any hour of the day and hours may vary for special investigations.

Management Assistant - Secretary 9 – This person serves as administrative assistant to the Assistant Commander or Gaming Section Commander. This person coordinates office activities and performs secretarial assignments for management staff in support of ongoing operations that surround enforcement activities in the Second District. These include: the licensing, regulation, and enforcement of legalized gaming. This person also tracks budgetary expenses and processes financial transactions.